

109TH CONGRESS
1ST SESSION

S. 1129

To provide authorizations of appropriations for certain development banks,
and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 26, 2005

Mr. LUGAR (for himself and Mr. HAGEL) introduced the following bill; which
was read twice and referred to the Committee on Foreign Relations

A BILL

To provide authorizations of appropriations for certain
development banks, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Development Bank Re-
5 form and Authorization Act of 2005”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

8 (1) The United States has strong national secu-
9 rity and humanitarian interests in alleviating pov-
10 erty and promoting development around the world.

1 (2) The World Bank, the African Development
2 Bank, the Asian Development Bank, the European
3 Bank for Reconstruction and Development, and the
4 Inter-American Development Bank leverage the re-
5 sources that the United States and other donors can
6 devote to such goals.

7 (3) Contributions from the United States and
8 other donors to the multilateral development banks
9 must be well managed so that the mission of such
10 banks is fully realized and not undermined by cor-
11 ruption. Bribes can influence important bank deci-
12 sions on projects and contractors and misuse of
13 funds can inflate project costs, cause projects to fail,
14 and undermine development effectiveness.

15 (4) Officials of the World Bank have identified
16 corruption as the single greatest obstacle to eco-
17 nomic and social development. Corruption under-
18 mines development by distorting the rule of law and
19 weakening the institutional foundation on which eco-
20 nomic growth depends.

21 (5) Officials of the World Bank have deter-
22 mined that the harmful effects of corruption are es-
23 pecially severe on the poor, who are hardest hit by
24 economic decline, are most reliant on the provision
25 of public services, and are least capable of paying

1 the extra costs associated with bribery, fraud, and
2 the misappropriation of economic privileges.

3 (6) In hearings before the Foreign Relations
4 Committee of the Senate, it was demonstrated
5 that—

6 (A) significant multilateral development
7 bank funding has been lost to corruption and it
8 is difficult to ascertain such amount precisely,
9 in part because the multilateral development
10 banks have not implemented procedures to cal-
11 culate such amounts, either in the aggregate or
12 on a country basis;

13 (B) the multilateral development banks are
14 taking action to address fraud and corruption
15 but additional measures remain to be carried
16 out;

17 (C) the capability of anti-corruption mech-
18 anisms are not consistent among the multilat-
19 eral development banks and divergences in anti-
20 corruption policies exist that may hinder coordi-
21 nation on fighting corruption;

22 (D) weaknesses in whistleblower policy and
23 practice exist at the multilateral development
24 banks, to varying degree, that impede anti-
25 fraud and anti-corruption efforts;

1 (E) greater transparency is necessary to
2 provide effective development aid;

3 (F) the Secretary of the Treasury encour-
4 ages anti-corruption efforts at the multilateral
5 development banks and reviews loans made by
6 such banks, however, the United States has lim-
7 ited ability to investigate the misuse of funds
8 from such banks; and

9 (G) in some cases, the countries bearing
10 the cost of prosecuting corruption related to the
11 multilateral development banks are the coun-
12 tries that can least afford such costs, for exam-
13 ple, the Government of Lesotho incurred con-
14 siderable expense, despite competing priorities,
15 such as those arising from an HIV/AIDS rate
16 of more than 25 percent in that country, to in-
17 vestigate and prosecute fraud and corruption
18 related to a project that received funding from
19 the World Bank and the World Bank did not
20 contribute money towards the prosecution or in-
21 vestigation.

22 (7) The General Accounting Office issued a re-
23 port in 2001 that evaluated the external audit re-
24 porting of the African Development Bank, the Asian
25 Development Bank, the European Bank for Recon-

1 construction and Development, and the Inter-American
2 Development Bank and a report in 2000 that evalu-
3 ated the internal controls of the World Bank, and
4 recommended measures to strengthen such audit re-
5 porting and controls.

6 (8) The International Financial Institutions Ad-
7 visory Commission (also known as the “Meltzer
8 Commission”) concluded in 2000, among other
9 things, that—

10 (A) pressure to lend for lending’s sake is
11 built into the structure of the multilateral devel-
12 opment banks;

13 (B) although several of the multilateral de-
14 velopment banks recognize this problem and
15 have called attention to the need for change,
16 there is, at most, weak counterbalance to the
17 pressure to lend; and

18 (C) the multilateral development banks’
19 systems for project evaluation, performance
20 evaluation, and project selection must be im-
21 proved, and that such evaluation should be a re-
22 petitive process spread over time, including
23 many years after final disbursement of funds.

24 **SEC. 3. DEFINITIONS.**

25 In this Act:

1 (1) APPROPRIATE CONGRESSIONAL COMMIT-
2 TEES.—The term “appropriate congressional com-
3 mittees” means the Committee on Foreign Relations
4 and the Committee on Banking, Housing, and
5 Urban Affairs of the Senate and the Committee on
6 International Relations and the Committee on Fi-
7 nancial Services of the House of Representatives.

8 (2) GROUP OF 7.—The term “Group of 7”
9 means Canada, France, Germany, Italy, Japan, the
10 United Kingdom, and the United States.

11 (3) GROUP OF 8.—The term “Group of 8”
12 means the Group of 7 and Russia.

13 (4) MULTILATERAL DEVELOPMENT BANKS.—
14 The term “multilateral development banks” means
15 the African Development Bank, the Asian Develop-
16 ment Bank, the European Bank for Reconstruction
17 and Development, the Inter-American Development
18 Bank, the World Bank, and any subsidiary or affil-
19 iate of such institutions.

20 (5) PERSON.—The term “person” includes a
21 government, a government-controlled entity, a cor-
22 poration, a company, an association, a firm, a part-
23 nership, a society, and a joint stock company, as
24 well as an individual.

1 (6) SECRETARY.—Except as otherwise provided,
2 the term “Secretary” means the Secretary of the
3 Treasury.

4 (7) WORLD BANK.—The term “World Bank”
5 means the International Bank for Reconstruction
6 and Development, the International Development
7 Association, the International Finance Corporation,
8 and the Multilateral Investment Guarantee Agency
9 and any subsidiary or affiliate of such institutions.

10 **SEC. 4. REFORMS.**

11 (a) AUTHORITY.—The Secretary is authorized to seek
12 the creation of a pilot program that establishes an Anti-
13 Corruption Trust at the World Bank, as described in this
14 section.

15 (b) PURPOSES.—The purposes of the Anti-Corruption
16 Trust pilot program shall include—

17 (1) to assist poor countries in investigations
18 and prosecutions of fraud and corruption related to
19 a loan, grant, or credit of the World Bank; and

20 (2) to determine whether such a program
21 should be carried out at other multilateral develop-
22 ment banks.

23 (c) REPAYMENT OF FUNDS.—If a poor country as-
24 sesses a fine or receives any remuneration as part of a
25 prosecution paid for with funds from the Anti-Corruption

1 Trust pilot program, such country shall repay the amount
2 received from the Trust until the total amount received
3 by such country is repaid.

4 (d) MONITORING.—The Secretary shall be respon-
5 sible for establishing a system for monitoring the disburse-
6 ment and use of funds from the Anti-Corruption Trust
7 pilot program and promoting access to such funds by poor
8 countries that are challenged by the high cost of inves-
9 tigating and prosecuting corruption and fraud linked to
10 a loan from, or a project funded by, the World Bank.

11 (e) OTHER DONORS.—The Secretary shall encourage
12 other donors to the multilateral development banks to con-
13 tribute funds to the Anti-Corruption Trust.

14 (f) POOR COUNTRIES DEFINED.—In this section, the
15 term “poor countries” means countries eligible to borrow
16 from the International Development Association, as such
17 eligibility is determined by gross national product per cap-
18 ita, lack of creditworthiness to borrow on market terms,
19 and good policy performance.

20 (g) REPORTS.—

21 (1) REPORT ON IMPLEMENTATION.—Not later
22 than September 1, 2006, the Secretary shall submit
23 to the appropriate congressional committees a report
24 that describes the actions taken to establish the
25 Anti-Corruption Trust as described in this section.

1 (2) REPORT ON EVALUATION.—Not later than
 2 September 1, 2007, the Secretary shall submit to
 3 the appropriate congressional committees a report
 4 that—

5 (A) evaluates the effectiveness of the Anti-
 6 Corruption Trust pilot program; and

7 (B) evaluates the feasibility of establishing
 8 similar trusts at other multilateral development
 9 banks.

10 (h) AUTHORIZATION OF APPROPRIATIONS.—There is
 11 authorized to be appropriated to the Secretary such sums
 12 as may be necessary for contribution on behalf of the
 13 United States to an Anti-Corruption Trust if a pilot pro-
 14 gram establishing such a Trust is established as described
 15 in this section.

16 **SEC. 5. PROMOTION OF POLICY GOALS AT MULTILATERAL**
 17 **DEVELOPMENT BANKS.**

18 Title XV of the International Financial Institutions
 19 Act (22 U.S.C. 262o) is amended by adding at the end
 20 the following:

21 **“SEC. 1505. PROMOTION OF POLICY GOALS.**

22 “(a) DEFINITIONS.—In this section:

23 “(1) APPROPRIATE CONGRESSIONAL COMMIT-
 24 TEES.—The term ‘appropriate congressional com-
 25 mittees’ means the Committee on Foreign Relations

1 and the Committee on Banking, Housing, and
2 Urban Affairs of the Senate and the Committee on
3 International Relations and the Committee on Fi-
4 nancial Services of the House of Representatives.

5 “(2) MULTILATERAL DEVELOPMENT BANKS.—
6 The term ‘multilateral development banks’ means
7 the African Development Bank, the Asian Develop-
8 ment Bank, the European Bank for Reconstruction
9 and Development, the Inter-American Development
10 Bank, the World Bank, and any subsidiary or affil-
11 iate of such institutions.

12 “(3) PERSON.—The term ‘person’ includes a
13 government, a government-controlled entity, a cor-
14 poration, a company, an association, a firm, a part-
15 nership, a society, and a joint stock company, as
16 well as an individual.

17 “(4) SECRETARY.—Except as otherwise pro-
18 vided, the term ‘Secretary’ means the Secretary of
19 the Treasury.

20 “(5) WORLD BANK.—The term ‘World Bank’
21 means the International Bank for Reconstruction
22 and Development, the International Development
23 Association, the International Finance Corporation,
24 and the Multilateral Investment Guarantee Agency,
25 and any subsidiary or affiliate of such institutions.

1 “(b) TRANSPARENCY.—

2 “(1) PUBLICATION OF STATEMENTS.—

3 “(A) IN GENERAL.—Not later than 60 cal-
 4 endar days after a meeting of the board of di-
 5 rectors of a multilateral development bank, the
 6 Secretary shall provide for publication on the
 7 Internet Web site of the Department of the
 8 Treasury of—

9 “(i) the justification for each vote by
 10 the United States Executive Director at
 11 the multilateral development bank on any
 12 matter before the board of directors of the
 13 bank; and

14 “(ii) any written statement presented
 15 at the meeting by such United States Ex-
 16 ecutive Director at the bank concerning—

17 “(I) a lending, grant, or guar-
 18 antee operation which would result or
 19 be likely to result in significant social
 20 or environmental effects;

21 “(II) an institutional policy or
 22 strategy of the bank that generates
 23 significant public interest, including
 24 operational policies and sector or the-
 25 matic strategies;

1 “(III) a project on which a claim
2 has been made to the inspection
3 mechanism of the bank; or

4 “(IV) a case pending before the
5 inspection mechanism of the bank.

6 “(B) REDACTED MATERIAL.—The Sec-
7 retary may redact material from the material to
8 be made available under subparagraph (A) if
9 the Secretary determines such material is too
10 sensitive for public distribution.

11 “(2) VOICE AND VOTE.—The Secretary shall in-
12 struct the United States Executive Director at each
13 multilateral development bank to inform the bank of
14 the publication policy described in paragraph (3),
15 and use the voice and vote of the United States to
16 implement such policy.

17 “(3) PUBLICATION POLICY.—

18 “(A) IN GENERAL.—The publication policy
19 referred to in paragraph (2) is a policy that
20 each multilateral development bank shall—

21 “(i) make available to the public, in-
22 cluding on the Internet Web site of such
23 bank, the loan, credit, and grant docu-
24 ments, country assistance strategies, sector
25 strategies, and sector policies prepared by

1 the bank that are to be presented for en-
2 dorsement or approval by the board of di-
3 rectors of the bank, 15 calendar days prior
4 to the date that such document, strategy,
5 or policy will be considered by the board
6 or, if not available at that time, at the time
7 the documents are distributed to the
8 board;

9 “(ii) make available to the public all
10 draft country strategies 120 calendar days
11 prior to consideration of such strategies by
12 the board of directors of the bank;

13 “(iii) make a concerted effort to dis-
14 tribute paper copies of the material re-
15 ferred to in clauses (i) and (ii) to commu-
16 nities affected by the documents referred
17 to in such clauses;

18 “(iv) make available to the public, in-
19 cluding on the Internet Web site of such
20 bank, the minutes of a meeting of the
21 board of directors of the bank, not later
22 than 60 calendar days after the date that
23 the bank approves the minutes of the
24 board meeting;

1 “(v) make available to the public, in-
2 cluding on the Internet Web site of such
3 bank, a summary of discussion of the
4 meeting of the board of directors of the
5 bank, not later than 90 calendar days after
6 the date of the meeting;

7 “(vi) keep a written transcript or elec-
8 tronic recording of each meeting of its
9 board of directors and preserve the tran-
10 script or recording for not less than 10
11 years after the date of such meeting; and

12 “(vii) make available to the public a
13 written transcript or an electronic record-
14 ing of a meeting of the board of directors
15 of the bank during the 5-year period begin-
16 ning on the date that is 5 years after the
17 date of the meeting.

18 “(B) REDACTED MATERIAL.—The presi-
19 dent of a multilateral development bank may
20 redact material from the material to be made
21 available under subparagraph (A) if the presi-
22 dent of a multilateral development bank deter-
23 mines such material is too sensitive for public
24 distribution.

1 “(c) STRENGTHENING DEVELOPMENT BANK ADMIN-
2 ISTRATION.—The Secretary shall instruct the United
3 States Executive Director at each multilateral develop-
4 ment bank to inform the bank of, and use the voice and
5 vote of the United States to achieve at the bank, the fol-
6 lowing United States policy goals:

7 “(1) Each multilateral development bank shall
8 require mandatory financial disclosure of any pos-
9 sible or apparent conflict of interest by each em-
10 ployee of the bank, consultant to the bank, or inde-
11 pendent expert to the bank whose duties and respon-
12 sibilities include, through decision or the exercise of
13 judgment, the taking of any action regarding—

14 “(A) contracting or procurement;

15 “(B) developing, administering, managing,
16 or monitoring loans, grants, programs, projects,
17 subsidies, or other conferred financial or oper-
18 ational benefits provided by the bank; or

19 “(C) evaluating or auditing any project,
20 program or entity.

21 “(2) Each multilateral development bank shall
22 reform the ‘pressure to lend’ incentive structure at
23 such bank by linking project design and implementa-
24 tion to staff performance appraisals and shall re-

1 quire that staff increase its focus on monitoring ex-
2 isting loans.

3 “(3) Each multilateral development bank shall
4 continue strengthening whistleblower policies at the
5 bank to the level of emerging standards for national
6 and international law in the Sarbanes-Oxley Act of
7 2002 (15 U.S.C. 7201 et seq.), the Inspector Gen-
8 eral Act of 1978 (5 U.S.C. App.), and the model ap-
9 proved for member nations by the Organization of
10 American States to implement the Inter-American
11 Convention Against Corruption, done at Caracas on
12 March 29, 1996.

13 “(4) All loan, credit, guarantee, and grant doc-
14 uments and other agreements with borrowers shall
15 include provisions for the financial resources and
16 conditionality necessary to ensure that a person who
17 obtains financial support from a multilateral devel-
18 opment bank complies with applicable bank policies
19 and national and international laws in carrying out
20 the terms and conditions of such documents and
21 agreements, including bank policies and national and
22 international laws pertaining to the comprehensive
23 assessment and transparency of the activities sup-
24 ported, such as those concerning public consultation,

1 access to information, public health, safety, and en-
2 vironmental protection.

3 “(5) Each multilateral development bank shall
4 develop clear procedures setting forth the cir-
5 cumstances under which a person will be barred
6 from receiving a loan, contract, grant, or credit from
7 such bank, shall make such procedures available to
8 the public, and shall make the identities of such per-
9 son available to the public.

10 “(6) Each multilateral development bank shall
11 coordinate policies across international institutions
12 on issues including debarment, cross-debarment,
13 procurement and consultant guidelines, and fidu-
14 ciary standards so that a person that is debarred by
15 one multilateral development bank is automatically
16 declared ineligible to conduct business with the other
17 multilateral development banks during the specified
18 ineligibility period.

19 “(d) ANTI-CORRUPTION PRACTICES.—

20 “(1) VOICE AND VOTE.—The Secretary shall in-
21 struct the United States Executive Director at each
22 multilateral development bank to inform the bank of
23 the United States anti-corruption policy described in
24 paragraph (2), and use the voice and vote of the
25 United States to implement such policy at the bank.

1 “(2) ANTI-CORRUPTION POLICY.—The anti-cor-
 2 ruption policy referred to in paragraph (1) is the
 3 United States policy that a person that receives
 4 money from a multilateral development bank shall
 5 sign a code of conduct that embodies the standards
 6 set out in section 104 of the Foreign Corrupt Prac-
 7 tices Act of 1977 (15 U.S.C. 78dd–2), and that pro-
 8 hibits such person from corruptly in furtherance of
 9 an offer, payment, promise to pay, or authorization
 10 of the payment of any money, or offer, gift, promise
 11 to give, or authorization of the giving of anything of
 12 value to any official for purposes, directly or indi-
 13 rectly—

14 “(A)(i) influencing any act or decision of
 15 such official in his or her official capacity;

16 “(ii) supporting any political party, polit-
 17 ical entity, any official of a political party, or
 18 any candidate for political office;

19 “(iii) inducing such official to do or omit
 20 to do any act in violation of the lawful duty of
 21 such official; or

22 “(iv) securing any improper advantage; or

23 “(B) inducing such official to use the offi-
 24 cial’s influence with a government or instru-
 25 mentality thereof, to affect or influence any act

1 or decision of such government or instrumen-
 2 tality,
 3 in order to assist such person in obtaining or retain-
 4 ing business for or with, or directing business to,
 5 any other person.

6 “(e) STRENGTHENING DEVELOPMENT BANK AUDIT-
 7 ING.—

8 “(1) VOICE AND VOTE.—The Secretary shall in-
 9 struct the United States Executive Director at each
 10 multilateral development bank to inform the bank of,
 11 and use the voice and vote of the United States to
 12 achieve at the bank, the following United States pol-
 13 icy goals:

14 “(A) Each multilateral development bank
 15 shall—

16 “(i) establish an independent Office of
 17 an Inspector General, establish or
 18 strengthen an independent auditing func-
 19 tion at the bank, and require that the In-
 20 specter General and the auditing function
 21 report directly to the board of directors of
 22 the bank; and

23 “(ii) adopt and implement an inter-
 24 nationally recognized internal controls
 25 framework, allocate adequate staffing to

1 auditing and supervision, require external
2 audits of internal controls, and external
3 and forensic audits of loans where fraud is
4 suspected.

5 “(B) Each multilateral development bank
6 shall establish a plan and schedule for con-
7 ducting regular, independent audits of internal
8 management controls and procedures for meet-
9 ing operational objectives, complying with the
10 policies of such bank, and preventing fraud, and
11 making reports describing the scope and find-
12 ings of such audits available to the public.

13 “(C) Each multilateral development bank
14 shall establish effective procedures for the re-
15 ceipt, retention, and treatment of—

16 “(i) complaints received by the bank
17 regarding fraud, accounting, mismanage-
18 ment, internal accounting controls, or au-
19 diting matters; and

20 “(ii) the confidential, anonymous sub-
21 mission, particularly by employees of the
22 bank, of concerns regarding fraud, ac-
23 counting, mismanagement, internal ac-
24 counting controls, or auditing matters.

1 “(D) Each multilateral development bank
 2 shall post on the Internet Web site of such
 3 bank an annual report containing statistical
 4 summaries and case studies of the fraud and
 5 corruption cases pursued by the bank’s inves-
 6 tigations unit.

7 “(f) COMPENSATION PACKAGES FOR PEOPLE NEGA-
 8 TIVELY AFFECTED BY DEVELOPMENT BANK
 9 PROJECTS.—

10 “(1) VOICE AND VOTE.—The Secretary shall in-
 11 struct the United States Executive Director at each
 12 multilateral development bank to inform the bank of
 13 the United States policy goals related to compensa-
 14 tion described in paragraph (2), and use the voice
 15 and vote of the United States to implement such
 16 policy at the bank.

17 “(2) COMPENSATION POLICY.—The compensa-
 18 tion policy referred to in paragraph (1) is a policy
 19 that each multilateral development bank shall, for
 20 each project funded by the bank where compensa-
 21 tion, including resettlement or rehabilitation assist-
 22 ance, is to be provided to persons adversely impacted
 23 by the project, require that an independent mecha-
 24 nism be established for, or included in the design of,
 25 the project to receive and adjudicate complaints

1 from a person who is eligible for compensation if
2 such person, not more than 6 years after the date
3 of the completion of the project, finds that the com-
4 pensation is either inadequate or improperly imple-
5 mented.

6 “(g) EVALUATION.—The Secretary shall instruct the
7 United States Executive Director at each multilateral de-
8 velopment bank to inform the bank of, and use the voice
9 and vote of the United States to achieve at the bank, the
10 following goals:

11 “(1) Each multilateral development bank shall
12 make the results of project and non-project oper-
13 ations evaluations available to the public, including
14 through the Internet Web site of the bank and in-
15 cluding information on the quantity of projects eval-
16 uated per year as a percentage of total projects car-
17 ried out.

18 “(2) Each multilateral development bank shall
19 require that all loans, grants, credits, policies, and
20 strategies, including budget support, prepared by the
21 bank include specific outcome and output indicators
22 to measure results, and that the indicators and re-
23 sults be published periodically during the execution
24 and at the completion of the appropriate project or
25 program, and at the number of years after such

1 completion determined to be appropriate for such
 2 loan, grant, credit, policy, or strategy.

3 “(3) Each multilateral development bank shall
 4 promote rigorous evaluation of projects and policies
 5 to ensure that the intent of such projects and poli-
 6 cies is realized. Such a bank shall favor grants and
 7 loans to applicants who agree, in consultation with
 8 an independent evaluator or evaluators, to design
 9 projects to facilitate the evaluation of outcomes. Rig-
 10 orous evaluations shall measure the impact on those
 11 served by a loan, grant, or credit and shall have a
 12 carefully constructed comparison group to help
 13 measure the impacts of the loan, grant, or credit.

14 “(h) QUALIFICATION POLICY.—

15 “(1) VOICE AND VOTE.—The Secretary shall in-
 16 struct the United States Executive Director at each
 17 multilateral development bank to encourage the
 18 bank to implement the qualification policy for bor-
 19 rowing countries described in paragraph (2), and use
 20 the voice and vote of the United States to achieve
 21 such policy at each bank.

22 “(2) QUALIFICATION POLICY FOR BORROWING
 23 COUNTRIES.—The qualification policy for borrowing
 24 countries referred to in paragraph (1) is a policy
 25 that requires, in addition to the standards in effect

1 on the date of the enactment of the Development
2 Bank Reform and Authorization Act of 2005, each
3 multilateral development bank to qualify a country
4 for budget support, adjustment lending, policy lend-
5 ing for non-project loans, grants, or credits, or other
6 loans directed to the country's budget based on
7 transparency in procurement and fiduciary require-
8 ments and requiring the borrowing country to make
9 its budget available to the public before funds are
10 disbursed to that country.

11 “(i) MICROFINANCE AND BUSINESS DEVELOP-
12 MENT.—The Secretary shall inform the management of
13 each multilateral development bank and the public that
14 it is the policy of the United States to encourage micro-
15 finance services for the poor and very poor (as that term
16 is defined in section 259 of the Foreign Assistance Act
17 of 1961 (22 U.S.C. 2214a)), and micro-, small-, and me-
18 dium-enterprise development programs, particularly in a
19 country where the government of such country ranks poor-
20 ly in the World Bank Institute's governance indicators.

21 “(j) RESOURCE DEPENDENT COUNTRY REVENUE
22 TRANSPARENCY.—

23 “(1) REQUIREMENTS FOR RESOURCE ASSIST-
24 ANCE FOR A GOVERNMENT.—The Secretary shall in-
25 form the management of each multilateral develop-

1 ment bank and the public that it is the policy of the
2 United States that any assistance provided by a
3 such bank including any investment, loan, credit,
4 grant, or guarantee, to a government of a resource-
5 dependent country or for any project located in a re-
6 source-dependent country, other than humanitarian
7 assistance, assistance to address HIV/AIDS, tuber-
8 culosis, malaria or food aid, may not be provided un-
9 less the government has in place or is taking the
10 necessary steps to establish functioning systems
11 for—

12 “(A) accurately accounting for all revenues
13 received by a borrowing government from a per-
14 son and all payments to a government in con-
15 nection with the extraction or export of natural
16 resources, such as gas, oil, oil shale, tar sands,
17 coal, any metal, mineral, or timber;

18 “(B) the independent auditing of such pay-
19 ments and such revenues by a credible, inde-
20 pendent auditor, applying international auditing
21 standards, and the widespread regular public
22 dissemination of the auditor’s findings, includ-
23 ing a reconciliation of aggregate payments and
24 revenues;

1 “(C) verifying such revenues against the
2 records for such payments made by each per-
3 son, including widespread dissemination of ag-
4 gregate payment information in a manner that
5 protects proprietary information, that observes
6 the law of the borrowing country, and that the
7 person determines does not cause substantial
8 competitive harm;

9 “(D) making available to the public all
10 contracts between the government of such coun-
11 try or any person owned or controlled by such
12 government, and any person that is engaged in
13 the extraction or export of natural resources
14 through a project or program supported by a
15 bank, unless the person determines such disclo-
16 sure would cause substantial competitive harm;

17 “(E) applying the revenue transparency
18 approach described in this paragraph equally
19 and fully to all extractive industry companies
20 operating in the country, including state-owned
21 entities; and

22 “(F) establishing a legal framework for
23 disclosure of payments from a person or con-
24 tracts with a person and outlining the level and

1 extent of disclosure or payment information by
2 companies in the extractive industries.

3 “(2) REQUIREMENTS FOR OTHER NATURAL RE-
4 SOURCE ASSISTANCE.—The Secretary shall inform
5 the management of each multilateral development
6 bank and the public that it is the policy of the
7 United States that any assistance, including any in-
8 vestment, loan, or guarantee, provided by such a
9 bank to private sector sponsors for the extraction or
10 export of natural resources in a resource-dependent
11 country shall only be provided if the government of
12 the country has in place or is taking necessary steps
13 to establish the functioning systems described in
14 subparagraphs (A) through (F) in paragraph (1)
15 and if the private sector sponsors of such projects
16 publicly disclose revenue payments made to the gov-
17 ernment of such country, in accordance with the
18 laws of such country regarding the required level
19 and extent of such disclosure.

20 “(3) COMPLIANCE WITH TRANSPARENCY
21 GUIDELINES PRIOR TO APPROVAL OF ASSISTANCE.—
22 In furtherance of the policy described in paragraph
23 (1), not later than 2 years after the date of the en-
24 actment of the Development Bank Reform and Au-
25 thorization Act of 2005, the Secretary shall inform

1 the management of each multilateral development
2 bank and the public that it is the policy of the
3 United States that any assistance by such a bank,
4 including any investment, loan, credit, grant, or
5 guarantee, other than humanitarian assistance, as-
6 sistance to address HIV/AIDS, tuberculosis, or ma-
7 laria or to provide food, to any government of a re-
8 source-dependent country or for any project located
9 in such country, shall not be provided unless the
10 bank, prior to the approval of such assistance, has—

11 “(A) determined that the government has
12 in place the systems described in subparagraphs
13 (A) through (F) of paragraph (1), based on all
14 information that is relevant, applicable and rea-
15 sonably available to the bank, including, the
16 views of other international financial institu-
17 tions active in such country and the views of
18 civil society organizations that are active within
19 and outside such country;

20 “(B) determined that private sector spon-
21 sors of projects for the extraction and export of
22 natural resources have agreed to publicly dis-
23 close revenue payments to host governments;
24 and

1 “(C) made available to the public the find-
 2 ings and conclusions identifying the information
 3 taken into consideration in making such deter-
 4 minations and the reasons for such determina-
 5 tions.

6 “(4) RESOURCE-DEPENDENT COUNTRY DE-
 7 FINED.—In this subsection, the term ‘resource-de-
 8 pendent country’ means a country that has—

9 “(A) an average share of natural resource-
 10 derived fiscal revenues of at least 25 percent of
 11 the total fiscal revenues during the preceding 3-
 12 year period; or

13 “(B) an average share of natural resource
 14 export proceeds of at least 25 percent of the
 15 total export proceeds during the preceding 3-
 16 year period.”.

17 **SEC. 6. SENSE OF CONGRESS ON THE EXTRACTIVE INDUS-**
 18 **TRY TRANSPARENCY INITIATIVE AND G-8**
 19 **AGREEMENTS.**

20 It is the sense of Congress that—

21 (1) the President should continue promoting
 22 the Extractive Industry Transparency Initiative as
 23 one approach to help ensure that the revenues from
 24 extractive industries contribute to sustainable devel-

1 opment and poverty reduction, as such Initiative is
 2 a voluntary initiative intended—

3 (A) to promote greater transparency of de-
 4 veloping country government revenues and ex-
 5 penditures, procurement, concession-granting
 6 systems; and

7 (B) to work to recover stolen assets and
 8 enforce antibribery laws;

9 (2) the United States should encourage the con-
 10 tinued work of the G–8 to promote the Extractive
 11 Industries Transparency Initiative; and

12 (3) the United States should support and en-
 13 courage the carrying out of the agreements of the
 14 G–8 made at the 2004 Summit at Sea Island, Geor-
 15 gia, and at the 2003 Summit at Evian, France, to
 16 promote transparency in public budgets, including
 17 revenues and expenditures, government procurement,
 18 public concessions, the granting of licenses with spe-
 19 cial emphasis on countries with large extractive in-
 20 dustries sectors, including the agreements made at
 21 the Summit at Sea Island which specifically—

22 (A) support the efforts of the Public Ex-
 23 penditure and Financial Accountability program
 24 at the World Bank to help developing countries
 25 achieve accountability in public finance and ex-

penditure and to extend harmonized approaches to the assessment and reform of their public financial, accountability, and procurement systems;

(B) invite developing countries to prepare anticorruption action plans to implement the commitments of such countries in regional and international conventions; and

(C) achieve agreement on full disclosure of the World Bank International Development Association's Country Policy and Institutional Assessment results, with disclosure to begin with the 2005 ratings.

SEC. 7. REPORTS FROM THE GOVERNMENT ACCOUNTABILITY OFFICE.

(a) SENSE OF CONGRESS ON ACCESS TO INFORMATION.—It is the sense of Congress that—

(1) to evaluate the compliance of the multilateral development banks with the policies of the United States described in section 1505 of the International Financial Institutions Act, as added by section 5 of this Act, and to prepare the reports required by this section, the Comptroller General of the United States should have full and complete access to financial information relating to the multilat-

1 eral development banks, including information re-
 2 lated to the performance, accountability, oversight,
 3 financial transactions, organization, and activities of
 4 the multilateral development banks;

5 (2) the Secretary should seek to conclude mem-
 6 orandums of understanding with the multilateral de-
 7 velopment banks to ensure that the United States
 8 will have access to documents related to information
 9 described in paragraph (1); and

10 (3) the Secretary of the Treasury should facili-
 11 tate access by the Comptroller General of the United
 12 States to the financial information described in
 13 paragraph (1).

14 (b) REPORT ON EFFECTIVENESS OF MULTILATERAL
 15 DEVELOPMENT BANKS.—Not later than 3 years after the
 16 date of the enactment of this Act, the Comptroller General
 17 of the United States shall—

18 (1) conduct a review of the effectiveness of each
 19 multilateral development bank in achieving the mis-
 20 sion of such bank as set out in the articles of agree-
 21 ment of such bank, specifically poverty reduction
 22 and economic development; and

23 (2) submit to the appropriate congressional
 24 committees a report on the findings of the review.

1 (c) REPORT ON CONSISTENCY OF MULTILATERAL
2 DEVELOPMENT BANK PRACTICES WITH STATUTORY
3 POLICIES.—Not later than 3 years after the date of the
4 enactment of this Act, the Comptroller General of the
5 United States shall prepare and submit to the appropriate
6 congressional committees a report on the extent to which
7 the practices of the multilateral development banks are
8 consistent with the policies of the United States, as ex-
9 pressly contained in Federal law applicable to the multilat-
10 eral development banks.

11 (d) REPORT ON REFORMS AT THE MULTILATERAL
12 DEVELOPMENT BANKS.—Not later than 1 year after the
13 date of the enactment of this Act, the Comptroller General
14 of the United States shall prepare and submit to the ap-
15 propriate congressional committees a report on the extent
16 of the implementation of the reforms called for by the
17 Group of 8 or by the Group of 7, starting with the 2000
18 Okinawa Summit, as delineated in communiqués, chair-
19 man’s statements, and other official communication
20 through the summit or finance ministerial processes of the
21 Group of 8 or the Group of 7.

1 **SEC. 8. CONTRIBUTIONS TO MULTILATERAL DEVELOP-**
 2 **MENT BANKS.**

3 (a) WORLD BANK.—The International Development
 4 Association Act (22 U.S.C. 284 et seq.) is amended by
 5 adding at the end the following new section:

6 **“SEC. 23. FOURTEENTH REPLENISHMENT.**

7 **“(a) CONTRIBUTION AUTHORITY.—**

8 **“(1) IN GENERAL.—**The United States Gov-
 9 ernor of the Association is authorized to contribute
 10 on behalf of the United States \$2,850,000,000 to
 11 the fourteenth replenishment of the resources of the
 12 Association.

13 **“(2) SUBJECT TO APPROPRIATIONS.—**Any com-
 14 mitment to make the contribution authorized by
 15 paragraph (1) shall be effective only to such extent
 16 or in such amounts as are provided in advance in
 17 appropriations Acts.

18 **“(b) AUTHORIZATION OF APPROPRIATIONS.—**For the
 19 contribution authorized by subsection (a), there are au-
 20 thorized to be appropriated, without fiscal year limitation,
 21 \$2,850,000,000 for payment by the Secretary of the
 22 Treasury.”.

23 (b) AFRICAN DEVELOPMENT BANK FUND.—The Af-
 24 rican Development Fund Act (22 U.S.C. 290g et seq.) is
 25 amended by adding at the end the following new section:

1 **“SEC. 218. TENTH REPLENISHMENT.**

2 “(a) CONTRIBUTION AUTHORITY.—

3 “(1) IN GENERAL.—The United States Gov-
 4 ernor of the Fund is authorized to contribute on be-
 5 half of the United States \$407,000,000 to the tenth
 6 replenishment of the resources of the Fund.

7 “(2) SUBJECT TO APPROPRIATIONS.—Any com-
 8 mitment to make the contribution authorized by
 9 paragraph (1) shall be effective only to such extent
 10 or in such amounts as are provided in advance in
 11 appropriations Acts.

12 “(b) AUTHORIZATION OF APPROPRIATIONS.—For the
 13 contribution authorized by subsection (a), there are au-
 14 thorized to be appropriated, without fiscal year limitation,
 15 \$407,000,000 for payment by the Secretary of the Treas-
 16 ury.”.

17 (c) ASIAN DEVELOPMENT FUND OF THE ASIAN DE-
 18 VELOPMENT BANK.—The Asian Development Bank Act
 19 (22 U.S.C. 285 et seq.) is amended by adding at the end
 20 the following new section:

21 **“SEC. 32. EIGHTH REPLENISHMENT.**

22 “(a) CONTRIBUTION AUTHORITY.—

23 “(1) IN GENERAL.—The United States Gov-
 24 ernor of the Bank is authorized to contribute on be-
 25 half of the United States \$461,000,000 to the eighth
 26 replenishment of the resources of the Fund.

1 “(2) SUBJECT TO APPROPRIATIONS.—Any com-
 2 mitment to make the contribution authorized by
 3 paragraph (1) shall be effective only to such extent
 4 or in such amounts as are provided in advance in
 5 appropriations Acts.

6 “(b) AUTHORIZATION OF APPROPRIATIONS.—For the
 7 contribution authorized by subsection (a), there are au-
 8 thorized to be appropriated, without fiscal year limitation,
 9 \$461,000,000 for payment by the Secretary of the Treas-
 10 ury.”.

11 **SEC. 9. ANNUAL REPORTS.**

12 (a) INITIAL REPORT.—Not later than September 1,
 13 2006, the Secretary shall submit a report to the appro-
 14 priate congressional committees the describes the actions
 15 taken by the United States Executive Director at each
 16 multilateral development bank to implement the policy
 17 goals described in this Act and the amendments made by
 18 this Act and any other actions that should be taken to
 19 implement such goals.

20 (b) UPDATES.—The Secretary shall submit to the ap-
 21 propriate congressional committees an annual update of
 22 the report required by subsection (a) for each of the fiscal
 23 years 2007, 2008, and 2009.

